



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CLARK COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CLARK COUNTY CLERK

Calendar Year 2000

The Auditor of Public Accounts has completed the Clark County Clerk's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Receipts of the fee account increased by \$337,320 from the prior calendar year. Disbursements increased from the prior year by \$367,526. Excess Fees of \$230,279 were paid to the Fiscal Court for calendar year 2000.

Report Comments:

- Lack Of Adequate Segregation Of Duties

Deposits:

The Clerk's deposits were insured and collateralized by bank securities.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
COMMENT AND RECOMMENDATION	11
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	15



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Drew Graham, Clark County Judge/Executive
Honorable Anita S. Jones, Clark County Clerk
Members of the Clark County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Clark County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2001, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Drew Graham, Clark County Judge/Executive
Honorable Anita S. Jones, Clark County Clerk
Members of the Clark County Fiscal Court

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

- Lack Of Adequate Segregation Of Duties

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 10, 2001

CLARK COUNTY
ANITA S. JONES, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Fees For Services	\$	10,603
-------------------------	----	--------

Fiscal Court		25,957
--------------	--	--------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	830,383
------------------------	----	---------

Usage Tax		3,804,865
-----------	--	-----------

Tangible Personal Property Tax		2,268,150
--------------------------------	--	-----------

Licenses-

Marriage		10,591
----------	--	--------

Beer and Liquor		6,206
-----------------	--	-------

Dog License		641
-------------	--	-----

Deed Transfer Tax		111,513
-------------------	--	---------

Delinquent Tax	288,099	7,320,448
----------------	---------	-----------

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	\$	19,087
---------------------------------	----	--------

Real Estate Mortgages		49,346
-----------------------	--	--------

Chattel Mortgages and Financing Statements		98,486
--	--	--------

Powers of Attorney		1,647
--------------------	--	-------

All Other Recordings		31,883
----------------------	--	--------

Charges for Other Services-

Candidate Filing Fees		550
-----------------------	--	-----

Copywork		11,627
----------	--	--------

Postage		3,069
---------	--	-------

Overpayments	4,592	220,287
--------------	-------	---------

Other:

Notary Fees	\$	10,559
-------------	----	--------

Lien Release Fees		6,973
-------------------	--	-------

Miscellaneous	7,861	25,393
---------------	-------	--------

Interest Earned		10,505
-----------------	--	--------

Gross Receipts	\$	7,613,193
----------------	----	-----------

CLARK COUNTY
 ANITA S. JONES, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 623,614

Usage Tax 3,675,773

Tangible Personal Property Tax 859,218

Licenses, Taxes, and Fees

Delinquent Tax 67,013

Legal Process Tax 30,989

Candidate Filing Fees 270 \$ 5,256,877

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 170,581

Delinquent Tax 23,005

Deed Transfer Tax 105,937

Beer and Liquor Licenses 6,446

Dog License 546 306,515

Payments to Other Districts:

Tangible Personal Property Tax \$ 1,147,180

Delinquent Tax 123,904 1,271,084

Payments to Sheriff

7,223

Payments to County Attorney

46,133

Operating Disbursements:

Personnel Services-

Deputies' Salaries \$ 269,684

Employee Benefits-

Employer's Share Social Security 23,428

Other Payroll Disbursements 432

Contracted Services-

Computer Agreement 30,540

Employee Training Programs 39

Office Equipment 12,548

New Equipment 35,759

CLARK COUNTY
 ANITA S. JONES, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2000
 (Continued)

Operating Disbursements (Continued)

Materials and Supplies-			
Office Supplies	\$	17,208	
Other Charges-			
Postage		4,529	
Dues		3,868	
Insurance and Bonds		40	
Refunds		21,162	
Miscellaneous		3,074	
		<u> </u>	\$ 422,311
Total Disbursements			<u>\$ 7,310,143</u>
Net Receipts			\$ 303,050
Less: Statutory Maximum	\$	67,778	
Clerk's Training Incentive		<u>1,393</u>	<u>69,171</u>
Excess Fees			\$ 233,879
Less: Expense Allowance			<u>3,600</u>
Excess Fees Due County for Calendar Year 2000			\$ 230,279
Payments to County Treasurer - February 14, 2001			<u>230,279</u>
Balance Due at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

CLARK COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

CLARK COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2000
(Continued)

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the County Clerk's agent in the County Clerk's name.

Note 4. Lease and License Agreement

The office of the County Clerk is committed to a lease and license agreement with Software Management, Inc., for computer equipment and software. The agreement requires a monthly payment of \$2,545, which includes \$1,235 for the computer equipment and \$1,310 for the software, beginning August 1998 and ending August 2002. The agreement is renewable on an annual basis.

THIS PAGE LEFT BLANK INTENTIONALLY

COMMENT AND RECOMMENDATION

CLARK COUNTY
ANITA S. JONES, COUNTY CLERK
COMMENT AND RECOMMENDATION

Calendar Year 2000

INTERNAL CONTROL:

Lack Of Adequate Segregation Of Duties

We recognize the extent of segregation of duties is a judgement established by management. We also recognize this judgement is affected by certain circumstances beyond the elected official's control such as functions prescribed by statutes and regulations, and by budgetary constraints. Due to a limited staff size, a proper segregation of duties may be impossible. However, a lack of segregation of duties is hereby noted as a reportable condition pursuant to professional auditing standards established by the American Institute of Certified Public Accountants. We believe this reportable condition as described above is a material weakness.

County Clerk Response:

None.

PRIOR YEAR:

None.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Drew Graham, Clark County Judge/Executive
Honorable Anita S. Jones, Clark County Clerk
Members of the Clark County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Clark County Clerk for the year ended December 31, 2000, and have issued our report thereon dated October 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clark County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clark County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comment and recommendation.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

- Lack Of Adequate Segregation Of Duties

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 10, 2001

